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The Director of Central Intelligence
Washington, D.C. 20505

Executive Registry

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4 February 1986

MEMORANDUM FOR: Assistant to the President
for National Security Affairs

SUBJECT: Interim Report on the National
Counterintelligence Posture

Section 402 of the current Intelligence Authorization Act (Public Law 99-169 dated 4 December 1985) mandates that, on or about 4 April, the President report on "the capabilities, programs, and policies of the United States to protect against, detect, monitor, counter, and limit intelligence activities by foreign powers, within and outside the United States, directed at United States Government activities or information, including plans for improvements which presently are within the authority of the executive branch to effectuate, and recommendations for improvements which would require legislation to effectuate." The SIG(I) has the responsibility to prepare this report for NSC consideration and I have established an ad hoc working group under General Stilwell to facilitate this effort.

The legislative provision reconciles the separate initiatives of the two Select Committees. The HPSCI has primary interest in the Presidential report itself, particularly statements of desired enabling legislation. On the other hand, the major interest of the SSCI is on the Administration's input to, and continuing collaboration in, shaping a parallel report which the SSCI is committed to make to the Senate after turning aside Senator Byrd's proposal to create a National Commission on Security and Espionage. More to the point, Senator Durenberger, in a letter to the President, voiced the hope that the SSCI report to the Senate would constitute an agreed executive branch/congressional agenda for improvement of the national counterintelligence and security posture. (The HPSCI has no concern about such collaboration provided the content of the Presidential response to Section 402 is not skewed by foreknowledge of the SSCI's position on key issues.)

There is a complicating factor. While Section 402 does not so provide, the Conference language accompanying the Act requests an interim report be submitted to the two Select Committees 60 days in advance of the President's final report. Neither Committee is prepared to waive this stipulation but each has a different view as to form and content:

- The HPSCI expects a report, however brief, on progress in meeting the Section 402 requirement, plus a forecast of the legislative proposals most likely to be in the President's report.

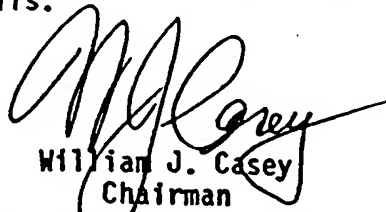
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- The SSCI has requested informal comments on its draft report to the Senate and, consistent with its focus, would accept a copy of the SIG(I)'s analysis of the SSCI draft in satisfaction of the intent of the Conference language. The HPSCI, incidentally, has no objection to the inclusion of such comment in the interim report.

In light of the divergent positions of the two Select Committees and the compelling need to concentrate attention on the final report, I propose the following course of action as the most practical way to discharge the interim report requirement:

- That, in my capacity as Chairman, SIG(I), I make the interim report to the Chairmen of the two Committees on behalf of the President.
- That the interim report cover these areas:
 - A summary of the several actions under way to enhance our counterintelligence and security posture;
 - A list of the pertinent legislative proposals which are under consideration within the Administration; and
 - SIG(I) informal comments on the counterintelligence section of the draft SSCI report (all that has been issued thus far).
- That comments on the balance of the draft SSCI report be provided off-line to the two Committee Staffs.



William J. Casey
Chairman
Senior Interagency Group (Intelligence)